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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Administration  
Washington, D. C.

May 13, 1942.

ADMINISTRATOR'S MEMORANDUM NO. 4

Supplement A

Objectives of A.M.A.

As we go through the initial stages of developing a consolidated marketing agency, one of the first questions that we have to resolve for ourselves is what we see as our sphere of responsibility. How do our activities fit together, and where are we going? I'd like to develop some thinking on this as a result of discussions with other members of the Agricultural Marketing Administration.

The Secretary of Agriculture has brought together in our agency most of the available marketing resources of the Department. The Agricultural Marketing Administration should function with the same wide responsibility in the marketing field as other departmental agencies operate in the field of forestry, soil conservation, extension education or land-use planning. In terms of responsibility and emphasis, our field of interest can be divided into two distinct parts: that having to do directly and immediately with the prosecution of the war; and that concerned with the marketing structure and its improvement. In practice these two cannot always be separated since both must be considered in terms of each other. But for purposes of setting our sights on objectives, this classification may prove useful.

A. War Responsibilities.

All activities of the A.M.A. must be directed specifically and continuously to winning the war. Actions or programs relating to this must take precedence over everything else. These actions may be viewed in terms of 3 distinct procedures. (1) Assisting in the planning of production and distribution goals. (2) Assisting in the accomplishment of these goals by providing facilities for and securing such supplies as may be necessary for the war effort. This includes establishment of facilities for and supplies of stocks in quantities necessary to meet needs for military purposes, Lend-Lease, domestic markets, and reserve stocks for war and post-war needs. (3) Advising with and consulting other Bureaus and War Agencies on matters directly affecting agricultural marketing problems.

- (1) Production Goals - The A.M.A. is or should be in the best position to advise on the production requirements for Lend-Lease, the military establishments, low-income consumers, other consumers, and stock piles. It should constantly review these with the view always of being prepared for

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BUREAU OF AGRICULTURAL MARKETING

more or less unpredictable increases in demand. The A.M.A. should also seek to prevent expansion and encourage shifts in production where it is clear that no additional markets can be developed, and urge expansion of products for which increased demand can be expected or encouraged.

- (2) Accomplishing Production and Distribution Goals - Production goals have meaning only by reference to distribution requirements. Facilities for accomplishing production and distribution goals including direct purchases, the Food Stamp Program, marketing agreements, market news information, and facilitation of increased distribution in the normal markets, as well as improved means of storage and transportation. The A.M.A. must assume principal leadership in developing these facilities.

The A.M.A. operates within the frame of price policy laid down by Congress. We are concerned with securing adequate prices and income for farmers. Price is not an end in itself, but is the means of production support to meet the critical needs.

Included as part of the war effort is the responsibility for assisting in the distribution of the domestic food supply so that productive energies for the war effort will be maintained.

Most of the agricultural problems relate not simply to the amount of the supply but to its distribution. Thus, vegetable and milk products may be faced with very acute surplus problems even though there is great need for them domestically as well as for other war requirements. The pressure of increased supplies must not result in breakdowns in the marketing processes or in inflationary price dislocations.

Every facility of the A.M.A. is directly concerned with securing and distributing supplies for Lend-Lease, military needs and the domestic markets. Here the objective is to obtain all the necessary supplies in the most economic way possible and in a manner which will not be a discredit to the Administration. We are interested in keeping speculative factors from unfairly affecting the market and we seek to maintain the widest competitive market consistent with doing the job. We must meet the problems by resort to allocation or requisitioning when that is necessary. We must be prepared to recommend rationing or limitation when that proves advisable.



- (3) Advising With War Agencies - Because of our basic responsibility for tackling the market problems affecting foods and fibres, we cannot afford to wait for the various agencies to understand our responsibilities, facilities and problems. The other agencies expect us to take aggressive leadership and to cooperate with them in the field of agricultural marketing. The widespread activities of the A.M.A. require consultation and advice on a wide number of fronts. The following are simply typical of some of the more important ones:

Price Ceilings: Obviously we must work with O.P.A. on this, in view of lend-lease buying, the delicate inter-relation of prices in relation to production increases, agricultural commitments, as well as our experience in commodity problems.

Critical Material and Equipment: We have to anticipate domestic, military and foreign needs for dehydrated or other processed commodities. We must aid groups in getting priorities and establish plants or facilities wherever necessary.

Transportation and Warehousing: Problems in this field are continuous and we have to have immediate practical answers to each one of them. We must develop and prepare to operate programs that will conserve and use more effectively our transportation and storage facilities.

B. Basic Objectives Relating to the Marketing System.

The Secretary of Agriculture recently (March 24) issued a clear cut statement on some parts of the A.M.A. activity.

"Effective immediately the Agricultural Marketing Administration will have primary responsibility for all action programs dealing with the physical distribution and handling of farm products between the farmer and the consumer, including transportation, storage, processing, standardization, market organization and marketing facilities. This does not include transportation or warehousing activities that are an incidental but essential part of other action programs of the Department such as Commodity Credit or Crop Insurance programs or activities essential to the administration of lending functions of the Farm Credit Administration and its agencies, but does include all activities the primary importance of which is transportation, storage, processing or otherwise facilitating the movement of goods from farm to consumer. This Administration shall keep informed about all problems in this field, make such investigations as are necessary, and take whatever steps it can to make the distribution of farm products as efficient as possible."

That statement can be used as a guide in orientating our thinking and our work in improving the marketing system.

We seek continuous expansion in markets for agricultural products at remunerative prices, as the soundest means of maintaining adequate farm income and meeting the Nation's needs for food and fibre products. To accomplish this we look to our school lunch purchasing and distribution, school milk, the food stamp program and other purchase and distribution activities; the development of new outlets, diversion to new markets; export programs; our packaging and grading work, market news information, consumer education and "drives" to encourage consumption.

We are specifically and continuously interested in farm prices and farm income in the United States and seeing that farmers receive an equitable share of the national income. We seek to accomplish this through expanding consumption; through the various purchase and distribution programs and through marketing agreements; as well as through wide dissemination of accurate information on marketing prices and in preventing abuses to the pricing and marketing system. At the same time we seek to protect farmers and the Nation against the dangers of inflation.

We are interested in reducing costs of processing, transportation and distribution. Our attack on this can be through assisting in provision of improved handling methods, packaging practices, rate of marketing and marketing facilities; seeking to promote most efficient transportation methods; regulating rates charged for various marketing services in accordance with enabling legislation; preventing waste through finding utilization for low grade products by canning, dehydration or otherwise stocking seasonal surpluses, and continuing effective local consumer programs.

Because approximately half of the consumer's dollar spent for food goes into marketing costs, we cannot ignore stages of marketing which appear to be remote from the farm level. Although we have not yet consciously done it, we should formulate definite opinions on and assist in the development of sound policies toward efficient retail and wholesale business units, prevention of trade barriers and legislation designed to reduce competitive buying and selling, unwise discrimination against the marketing of specific agricultural products or particular types of sales outlets.

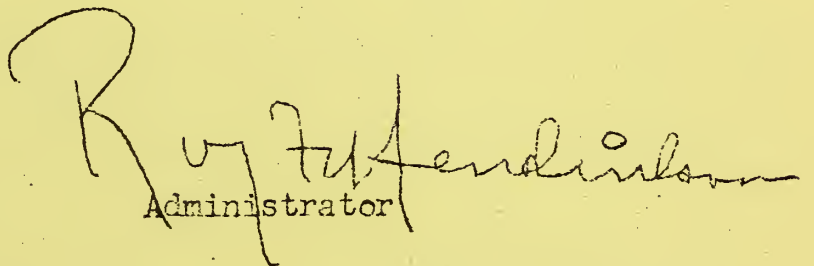
We seek to establish better and more orderly marketing. This involves attention to geographic distribution of production in order to meet seasonal needs and necessary carry-overs. We must provide adequate market news and information. This objective can be advanced through our marketing agreement programs for commodities and commodity groups, our work on standards, inspection and regulation and the related market information that we have available.

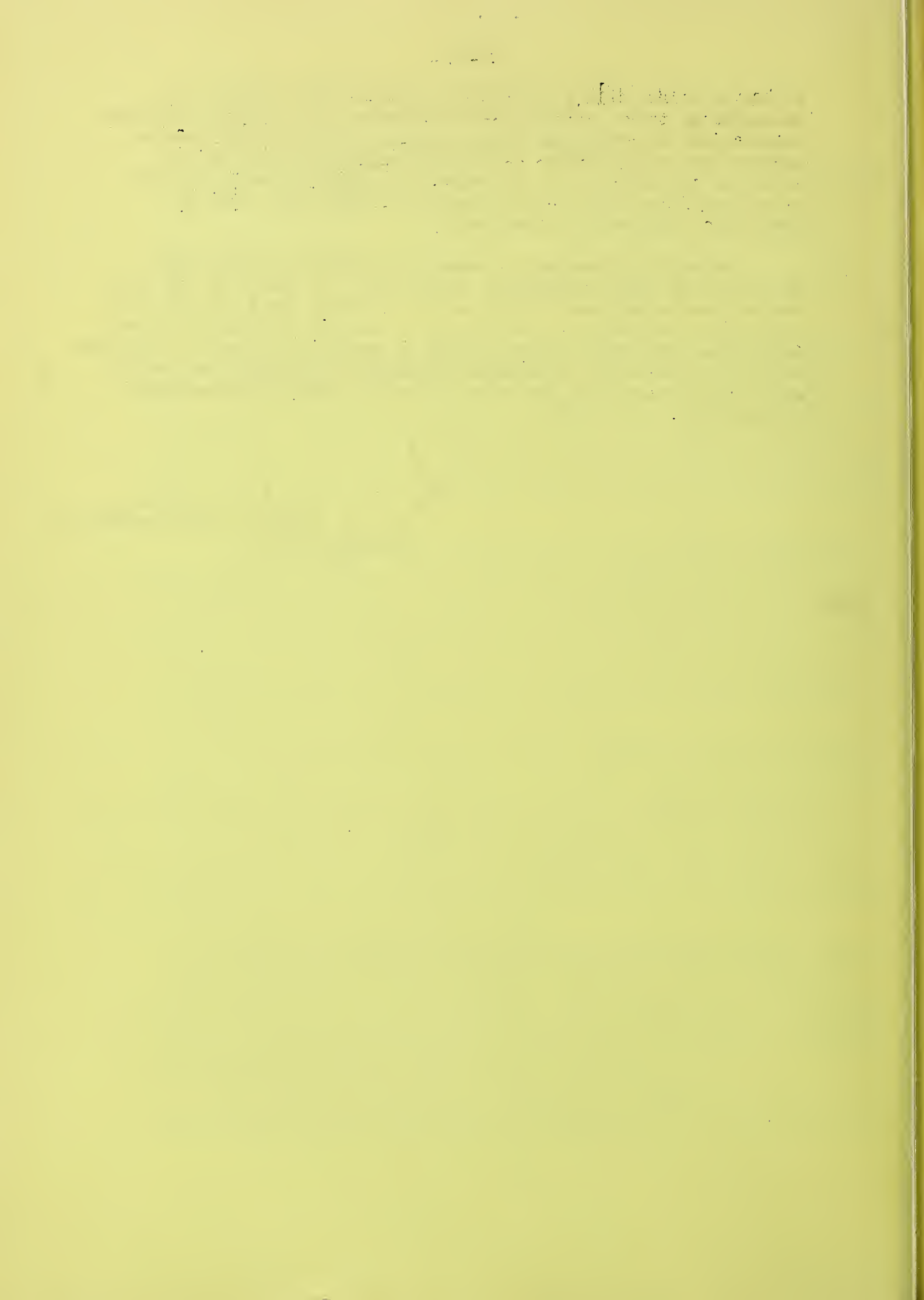
The Agricultural Marketing Administration does not have exclusive jurisdiction in many of its fields of endeavor. In assuming leadership



in the marketing field, it seeks to project itself through the thousands of others working on and concerned with similar problems. Specifically it works with other agencies of the federal government and especially looks to the state marketing agencies and officials to work with it in developing a national point of view as well as plans and programs relating to the whole field of marketing of agricultural products.

I have not attempted to answer all policy questions that are raised in this statement of objectives. In fact I do not feel that we have established policy on all of them. What we need is a much fuller statement of the practical means of carrying out these objectives. For this reason, I look to every one of you for detailed suggestions as to how to improve our present program or to develop new programs that will give us the greatest possible improvement in marketing.

  
Administrator





UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Administration  
Washington, D. C.

June 5, 1942

ADMINISTRATOR'S MEMORANDUM NO. 4

Supplement B

1942-43 School Lunch Program

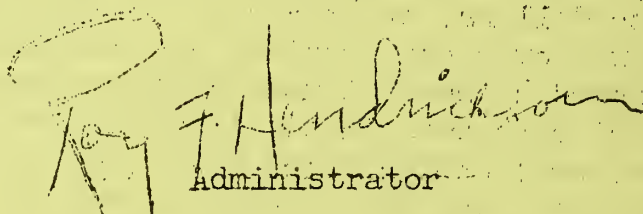
During the past school year commodities shipped by the Agricultural Marketing Administration were distributed to an average of more than 5 million school children during the school year and to a peak of 6.2 million children in February, 1942. The federal cost of the commodities distributed was about 20 million dollars, or 43 cents per child per month. This is an improvement in every way over our previous contributions to the school lunch program. Our foods reached 46 percent more children than in the previous year, and about 240 percent more than in the 1939-40 school year. Our purchase and distribution of agricultural products for this purpose were over 52 percent greater this year than last, and over 380 percent larger than in 1939-40. The amount of food distributed per child, and its variety, was materially greater than in either of the previous two years.

This contribution of agriculture to the well-being of our school children was made possible by the joint effort of state welfare agencies, school boards, parent-teacher's associations, the W.P.A., the N.Y.A. and many others. For the coming school year there are many new problems that must be met. The transportation and storage difficulties will be very great. The labor shortages will require increased ingenuity and volunteer assistance. The Agricultural Marketing Administration is quite conscious of these problems. In order to assist others working on the school lunch program, I wish to indicate the nature of our contribution to the 1942-43 free school lunch program.

1. It is our intention to support a substantially stronger school lunch program for 1942-43. Although the appropriations for the 1942-43 year have not yet been made, we expect to be able to expand.
2. Our expenditure on this program will be substantially larger than last year.
3. This will mean a higher average expenditure per child than at any previous time, and a great variety of commodities. Specifically, we can now assure all persons interested in the program of steady supplies of evaporated milk, one or more fresh or dried fruits, wheat cereal, wheat flour and dry edible beans, sufficient to meet requirements for all children certified for the program. In addition it is reasonably certain that we will distribute nationally steady supplies of one or more additional dairy products, cereal products, potatoes, and eggs, as well as a number of processed or fresh fruits and vegetables. Finally there will be supplies of other commodities available on a temporary or local basis.

The school lunch program is so important to the welfare of all our communities,

that each one of us in public and private life should share in improving it. The people in the Agricultural Marketing Administration are well aware that the supplies it makes available are only one part of the necessities for a successful program. The commodities must be received, stored and distributed. Other products must be bought in order to make the lunches complete and nutritionally adequate. Cooking and serving facilities must be provided. The purpose of this memorandum is to make as clear as possible the extent and nature of the assistance that this Agency can provide, and to urge all persons interested to work with us in establishing a stronger program for the coming school year.

  
Administrator

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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Marketing Administration  
Washington, D. C.

August 6, 1942

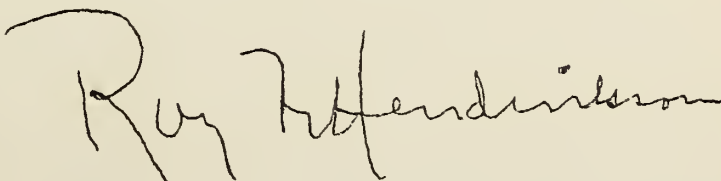
ADMINISTRATOR'S MEMORANDUM NO. 4

Supplement C

Direct Distribution for Families,  
Institutions and School Lunch Programs

The policy principles effective in the direct distribution of commodities are:

1. Eligibility requirements for certification shall be the same in the Direct Distribution and Food Stamp programs.
2. Distribution to institutions shall be made only if family and School Lunch program outlets are inadequate for efficient distribution.
3. All non-profit schools and child welfare centers with facilities for serving food shall be eligible for allocation of commodities for use in Community School Lunch programs. All children attending or visiting schools and child welfare centers who are unable to pay the full cost of meals served or who would benefit nutritionally from participation may be included by the responsible officials of the schools and child welfare centers as eligible children in the Community School Lunch program. Commodities shall be allocated for the number of eligible children participating in the Community School Lunch program. It shall be the responsibility of the sponsor to provide lunches at no cost to all children unable to pay for their meals and there shall be no difference in the food, service, or type of meals served to children at no cost, as compared with those served to children making payment. It shall also be the responsibility of the sponsoring agency to avoid any discrimination, such as revealing in any way the identity of children receiving food at no cost.



Administrator



